

FISCAL NOTE

HB 3131 - SB 3510

March 14, 2006

SUMMARY OF BILL: Authorizes credit against any excise tax liability, beginning on July 1, 2006, for *machinery and equipment* used primarily in the production and post production of theatrical and non-theatrical motion pictures for exhibit or sale. Authorizes a retroactive credit to January 1, 2005 for High Definition (HD) equipment purchases only.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact - The fiscal impact of this bill is dependent upon two unknown factors: (1) the number of production companies who purchase *machinery and equipment* and (2) the extent of those combined purchases. Therefore, determining a precise fiscal impact for this bill is difficult. However, for every \$1.0 million worth of *machinery and equipment* purchased, state revenues would decrease approximately \$10,000.

Assumptions:

- “Machinery and equipment” include, but are not limited to, (1) HDTV compliant cameras and associated equipment, (2) HDTV compliant motion picture editing equipment, (3) audio equipment to be compliant with HD/digital television, (4) all new or upgraded equipment and machinery for grip and lighting, (5) all new or upgraded equipment for motion picture editing, and (6) all new or upgraded equipment for motion picture audio post or music editing.
- “Motion picture” includes similar productions for television or other media using film, video tape or other means.
- The industrial machinery tax credit is equal to 1% of the purchase price, but may not exceed 50% of the excise tax liability.
- Unused credits can be carried forward up to 15 years.
- The fiscal impact of this bill is dependent upon two unknown factors: (1) the number of production companies who purchase *machinery and equipment* and (2) the extent of those combined purchases.

- Determining a precise fiscal impact for this bill is difficult due to the above-mentioned factors. However, for every \$1.0 million worth of *machinery and equipment* purchased, the decrease to state revenues is estimated to be approximately \$10,000 (\$1.0 million purchased X 1% allowable credit = \$10,000).

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director